

2007 DRAFTING REQUEST

Bill

Received: 08/16/2007

Received By: agary

Wanted: Soon

Identical to LRB:

For: Josh Zepnick (608) 266-1707

By/Representing: Steve Peters

This file may be shown to any legislator: NO

Drafter: agary

May Contact:

Addl. Drafters:

Subject: Fin. Inst. - int. rates/loans

Extra Copies: MDK

Submit via email: YES

Requester's email: Rep.Zepnick@legis.wisconsin.gov

Carbon copy (CC:) to: aaron.gary@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Motor vehicle title loans

Instructions:

Wants LRB-2826 split into two new bills: one for payday loans and one for title loans

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary 08/16/2007	jdye 08/16/2007					
/1			nnatzke 08/16/2007		mbarman 08/16/2007	mbarman 09/27/2007	

FE Sent For:

none

<END>

2007 DRAFTING REQUEST

Bill

Received: **08/16/2007**

Received By: **agary**

Wanted: **Soon**

Identical to LRB:

For: **Josh Zepnick (608) 266-1707**

By/Representing: **Steve Peters**

This file may be shown to any legislator: **NO**

Drafter: **agary**

May Contact:

Addl. Drafters:

Subject: **Fin. Inst. - int. rates/loans**

Extra Copies: **MDK**

Submit via email: **YES**

Requester's email: **Rep.Zepnick@legis.wisconsin.gov**

Carbon copy (CC:) to: **aaron.gary@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Motor vehicle title loans

Instructions:

Wants LRB-2826 split into two new bills: one for payday loans and one for title loans

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary 08/16/2007	jdye 08/16/2007		_____			
/1			nmatzke 08/16/2007	_____	mbarman 08/16/2007		

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: 08/16/2007

Received By: agary

Wanted: Soon

Identical to LRB:

For: Josh Zepnick (608) 266-1707

By/Representing: Steve Peters

This file may be shown to any legislator: NO

Drafter: agary

May Contact:

Addl. Drafters:

Subject: Fin. Inst. - int. rates/loans

Extra Copies: MDK

Submit via email: YES

Requester's email: Rep.Zepnick@legis.wisconsin.gov

Carbon copy (CC:) to: aaron.gary@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Motor vehicle title loans

Instructions:

Wants LRB-2826 split into two new bills: one for payday loans and one for title loans

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary	1 8/16 jcd	nwn 8/16	nwn/cd 8/16			

FE Sent For:

<END>

RESEARCH APPENDIX - Draft Transfer/Copy Request Form

- Atty's please complete this form and give to Mike Barman

(Request Made By: ANG) (Date: 8/16/07)



☐ Please transfer the drafting file for
2005 LRB _____ to the drafting file
for 2007 LRB _____

The final version of the 2005 draft and the final Request Sheet will be copied on yellow paper, and returned to the original 2005 drafting file. A new cover sheet will be created/included listing the new location of the drafting file's "guts".

For research purposes, because the 2005 draft was incorporated into a 2007 draft, the complete drafting file will be transferred, as a separate appendix, to the new 2007 drafting file. This request form will be inserted into the "guts" of the 2007 draft. If introduced, the appendix will be scanned/added to the electronic drafting file folder.

--OR--

☒ Please copy the drafting file for
2007 LRB 2826 / 12 (include the version) and place it in the
drafting file for 2007 LRB 3074

For research purposes, because the original 2007 draft was incorporated into another 2007 draft, the original drafting file will be copied on yellow paper (darkened/auto centered/reduced to 90%) and added, as a separate appendix, to the new 2007 drafting file. This request form will be inserted into the "guts" of the new 2007 draft. If introduced the appendix will be scanned/added to the electronic drafting file folder.

The original drafting file will then be returned, intact, to its folder and filed. For future reference, a copy of the transfer/copy request form will also be added to the "guts" of the original draft.

Wanted by
8/17
3074/1
LRB-2826/2
ARG:lmkrs
in 8/16 stays RM NR + jld

2007 BILL

Regen

1 AN ACT *to create* 138.09 (8) (f), 138.14 and 138.15 of the statutes; relating to:

2 payday loans and motor vehicle title loans.

Analysis by the Legislative Reference Bureau

Under current law, a lender other than a bank, savings bank, savings and loan association, or credit union generally must obtain a license from the Department of Financial Institutions to assess a finance charge greater than 18 percent per year. This type of lender is generally referred to as a "licensed lender." A licensed lender must have a separate license for each place of business it maintains.

This bill creates certain requirements applicable to payday loan transactions. Under the bill, a "payday loan provider" is a licensed lender that makes payday loans. A "payday loan" is a transaction between an individual with an account at a financial establishment and the payday loan provider in which the provider agrees to either: 1) accept from the individual a check, hold the check for at least three days before negotiating it, and before negotiating the check pay the individual an agreed amount; or 2) accept the individual's authorization to initiate an electronic fund transfer (EFT) from the individual's account, wait for at least three days before initiating the EFT, and before initiating the EFT pay the individual an agreed amount. A payday loan provider may not make a payday loan in a principal amount that exceeds \$800 or 50 percent of the applicant's next paycheck, whichever is greater. The bill also limits a consumer's ability to "rollover" a payday loan. The bill defines "rollover" as the refinancing, renewal, amendment, or extension of a payday loan. Under the bill, a payday loan provider may enter into no more than one rollover of a consumer's payday loan and, before entering into such a rollover, the consumer

BILL

must make payment, applied to the existing payday loan, that reduces the outstanding balance on the existing payday loan by at least 50 percent.

(no P) ← Current law contains numerous provisions regulating consumer loans, which are generally loans of \$25,000 or less made to individuals for personal, family, or household purposes.

This bill prohibits a licensed lender from making or offering a motor vehicle title loan. The bill defines "motor vehicle title loan" as a loan of \$25,000 or less to a borrower that is, or is to be, secured by a nonpurchase money security interest in the borrower's motor vehicle and that has an original term of not more than three months. A "borrower" is an individual who obtains or seeks to obtain a motor vehicle title loan for personal, family, or household purposes.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 138.09 (8) (f) of the statutes is created to read:

138.09 (8) (f) With respect to any payday loan, as defined in s. 138.14 (1) (f), made or offered by the licensee, comply with s. 138.14 (2) and (3).

SECTION 2. 138.14 of the statutes is created to read:

138.14 Payday loan providers. (1) DEFINITIONS. In this section:

(a) "Applicant" means an individual who seeks to obtain a payday loan.

(b) "Check" has the meaning given in s. 403.104 (6).

(c) "Consumer" means an individual who enters into a payday loan with a payday loan provider.

(d) "Financial establishment" means any organization that is authorized to do business under state or federal law and that holds a demand deposit, savings deposit, or other asset account belonging to an individual.

(e) "Organization" has the meaning given in s. 19.42 (11).

(f) "Payday loan" means any of the following:

BILL

1 1. A transaction between an individual with an account at a financial
2 establishment and another person, in which the person agrees to accept from the
3 individual a check, to hold the check for at least 3 days before negotiating or
4 presenting the check for payment, and to pay to the individual, at any time before
5 negotiating or presenting the check for payment, an amount that is agreed to by the
6 individual.

7 2. A transaction between an individual with an account at a financial
8 establishment and another person, in which the person agrees to accept the
9 individual's authorization to initiate an electronic fund transfer from the account, to
10 wait for at least 3 days before initiating the electronic fund transfer, and to pay to
11 the individual, at any time before initiating the electronic fund transfer, an amount
12 that is agreed to by the individual.

13 (g) "Payday loan provider" means a person who is required to be licensed under
14 s. 138.09 and who makes payday loans.

15 (h) "Rollover" means the refinancing, renewal, amendment, or extension of a
16 payday loan beyond its original term.

17 **(2) MAXIMUM PAYDAY LOAN AMOUNT.** No payday loan provider may make a
18 payday loan that exceeds, in principal amount, \$800 or 50 percent of the applicant's
19 next paycheck, whichever is greater.

20 **(3) ROLLOVER LIMITATIONS.** (a) Subject to sub. (b), a payday loan provider may
21 enter into not more than one rollover of a consumer's payday loan. After a payday
22 loan provider enters into a rollover of a consumer's payday loan, the payday loan
23 provider may not, until the consumer pays the loan in full, enter into another payday
24 loan with the consumer.

BILL

(b) A payday loan provider may enter into a rollover of a consumer's payday loan only if, at or prior to the time of the rollover, the consumer makes payment, applied to the existing payday loan, that reduces the outstanding balance on the existing payday loan by at least 50 percent.

(c) No consumer may, and no payday loan provider may allow a consumer to, repay a payday loan with the proceeds of another payday loan made by the same payday loan provider except as provided under this subsection.

SECTION 3. 138.15[✓] of the statutes is created to read:

138.15 Motor vehicle title loans. (1) DEFINITIONS. In this section:

(a) "Borrower" means an individual who obtains or seeks to obtain a motor vehicle title loan for personal, family, or household purposes.

(b) "Motor vehicle title loan" means a loan of \$25,000 or less to a borrower that is, or is to be, secured by an interest, other than a purchase money security interest, in the borrower's motor vehicle and that has an original term of not more than 3 months.

(2) TITLE LOANS PROHIBITED. No person required to be licensed under s. 138.09[✓] may make or offer any motor vehicle title loan.

SECTION 4. Initial applicability.

(1) This act first applies to payday loans and[✓] motor vehicle title loans made or offered on the effective date of this subsection.

SECTION 5. Effective date.

[✓](1) This act takes effect on the first day of the 4th month beginning after publication.

(END)

Barman, Mike

From: Christian Plata [chrisplata1@hotmail.com]

Sent: Thursday, September 27, 2007 10:08 AM

To: LRB.Legal

Subject: Draft Review: LRB 07-3074/1 Topic: Motor vehicle title loans

Please Jacket LRB 07-3074/1 for the ASSEMBLY.

09/27/2007